



TEN PAO GROUP HOLDINGS LIMITED

天寶集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1979)

Executive Directors:

Mr. Hung Kwong Yee
(Chairman and Chief Executive Officer)
Mr. Tse Chung Shing
Ms. Hung Sui Lam

Independent Non-executive Directors:

Mr. Lam Cheung Chuen
Dr. Lui Sun Wing
Mr. Cheung Chin Hoo
Ms. Ferheen Mahomed

Registered Office:

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Grand Cayman, KY1-1111
Cayman Islands

Headquarters and Principal Place of

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Kwun Tong
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Hong Kong

Principal Place of Business in PRC:

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Huizhou City 516005
Guangdong Province
PRC

3 July 2026

To the Shareholders

Dear Sir/Madam,

**POSSIBLE MAJOR TRANSACTION AND DEEMED DISPOSAL
IN RELATION TO
THE PROPOSED SPIN-OFF AND SEPARATE A-SHARE LISTING OF
TEN PAO ELECTRONICS (HUIZHOU) CO., LTD.*
(廣東天寶電子科技股份有限公司)**

* *for identification purpose only*

1. INTRODUCTION

References are made to the announcement of the Company dated 14 May 2026 in relation to the Proposed Spin-off and the Proposed Separate A-share Listing.

The Proposed Spin-off, if materialised, will constitute a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. As the highest applicable percentage ratios under Rule 14.07 of the Listing Rules may be higher than 25% but less than 75%, the Proposed Spin-off, if materialised, will constitute a major transaction of the Company under Chapter 14 of the Listing Rules. The Proposed Spin-off would therefore be subject to, among others, the approval of the Shareholders under paragraph 3(e)(1) of PN15 and Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with, among others, (i) further details of the Proposed Spin-off and the waiver in respect of the assured entitlement requirement under the Proposed Spin-off; (ii) the letter of recommendation from the Independent Board Committee to the Shareholders in respect of the Proposed Spin-off; and (iii) the letter from Asian Capital to the Independent Board Committee and the Shareholders in respect of the Proposed Spin-off.

2. PROPOSED SPIN-OFF AND SEPARATE A-SHARE LISTING

(1) Background

The Proposed Spin-off involves the spin-off of the SpinCo and its separate listing on the Shenzhen Stock Exchange. Subject to approvals by the Shareholders and the relevant PRC regulators, it is currently proposed that the SpinCo will issue A-shares on the Shenzhen Stock Exchange by way of a public offering to public investors in the market, or other methods as requested or agreed by the CSRC.

Based on the current structure of the Proposed Spin-off which is subject to finalisation, the Proposed Separate A-share Listing is anticipated to represent an offering of not more than 25% of the enlarged issued share capital of the SpinCo immediately upon completion of the Proposed Spin-off. The actual number of shares to be offered by the SpinCo will depend on the market conditions and the relevant rules and regulations of the CSRC as amended from time to time.

The SpinCo is an indirect non-wholly-owned subsidiary of the Company. It is expected that, immediately upon completion of the Proposed Spin-off, the Company's interest in the SpinCo will decrease from approximately 92.4091% to 69.3068% (assuming the size of the Proposed Separate A-share Listing will represent 25% of the enlarged issued share capital of the SpinCo immediately upon completion of the Proposed Spin-off), and the SpinCo will remain as an indirect non-wholly-owned subsidiary of the Company and its financial results will continue to be consolidated into the financial results of the Group.

For the purpose of the Proposed Spin-off, the Company has submitted a proposal on the Proposed Spin-off to the Stock Exchange pursuant to PN15 and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off under PN15. The Stock Exchange has also granted a waiver from strict compliance with the applicable requirements in relation to the assured entitlement under the Proposed Spin-off as required by paragraph 3(f) of PN15.

(2) Timetable of the Proposed Spin-off

China Securities Co., Ltd. (中信建投證券股份有限公司) was appointed as the sole sponsor of the SpinCo for the Proposed Separate A-share Listing. The sole sponsor, supervised by the Guangdong Regulatory Bureau of CSRC, is expected to commence the pre-listing tutorial with the SpinCo in July 2026 in accordance with the relevant PRC regulatory and legal requirements.

Based on the current proposed timetable, it is expected that the pre-listing tutorial will be completed, and the SpinCo will submit an application to the Shenzhen Stock Exchange for the Proposed Separate A-share Listing, in December 2026.

The completion date of the Proposed Spin-off and Proposed Separate A-share Listing will be subject to (i) the vetting process of the relevant listing application by the Shenzhen Stock Exchange, CSRC and other relevant governmental and regulatory authorities, and (ii) market conditions. Based on the current proposed timetable, it is expected that the Proposed Separate A-share Listing, if approved and proceeded with, will be completed by 2027.

The Company will provide further clarity on the expected timeline of the Proposed Spin-off and Proposed Separate A-share Listing as and when appropriate.

(3) Proceeds to be raised from the Proposed Separate A-share Listing and intended use of proceeds

The expected net proceeds from the Proposed Separate A-share Listing cannot be determined at this stage as the final structure, the exact offer price and size of the Proposed Separate A-share Listing are not determined.

The offer price of shares of the SpinCo to be offered under the Proposed Separate A-share Listing is subject to market conditions close to the time of the Proposed Separate A-share Listing and will be determined between the SpinCo and the lead underwriter(s). In determining the offer price, the SpinCo will take into account, among others, (i) the historical operating results and financial performance of the SpinCo; (ii) the business prospects of the SpinCo; (iii) the earnings multiples of companies newly listed on the A-share market in the past six to twelve months; and (iv) the applicable laws and regulations.

It is currently expected that the expected size of the Proposed Separate A-share Listing will be not more than RMB1.6 billion. The SpinCo currently expects to use the net proceeds from the Proposed Separate A-share Listing in the following manner: (i)

approximately 31% for R&D projects of high-power computing power supplies; (ii) approximately 27% for upgrade of its Intelligent Manufacturing Industrial Park; (iii) approximately 17% for construction of a R&D centre; (iv) approximately 4% for enhancement of global sales and marketing system; and (v) approximately 21% for working capital and general corporate purposes.

Investors should be aware that the exact offer price and size of the Proposed Separate A-share Listing are subject to market conditions and financial performance of the SpinCo closer to the time of the Proposed Separate A-share Listing and the offer price of the Proposed Separate A-share Listing will be determined at a date closer to the launch of the Proposed Separate A-share Listing based on several factors, some of which are beyond the control of the SpinCo and the lead underwriter(s).

The Company will make further announcement(s) as and when appropriate when the information relating to the final offer price and expected net proceeds of the Proposed Separate A-share Listing is available. The Company will further comply with the applicable requirements of Chapter 14 of the Listing Rules if the final offer price of the Proposed Separate A-share Listing results in the Proposed Spin-off falling within a higher classification of notifiable transaction as defined under the Listing Rules.

(4) Conditions of the Proposed Spin-off

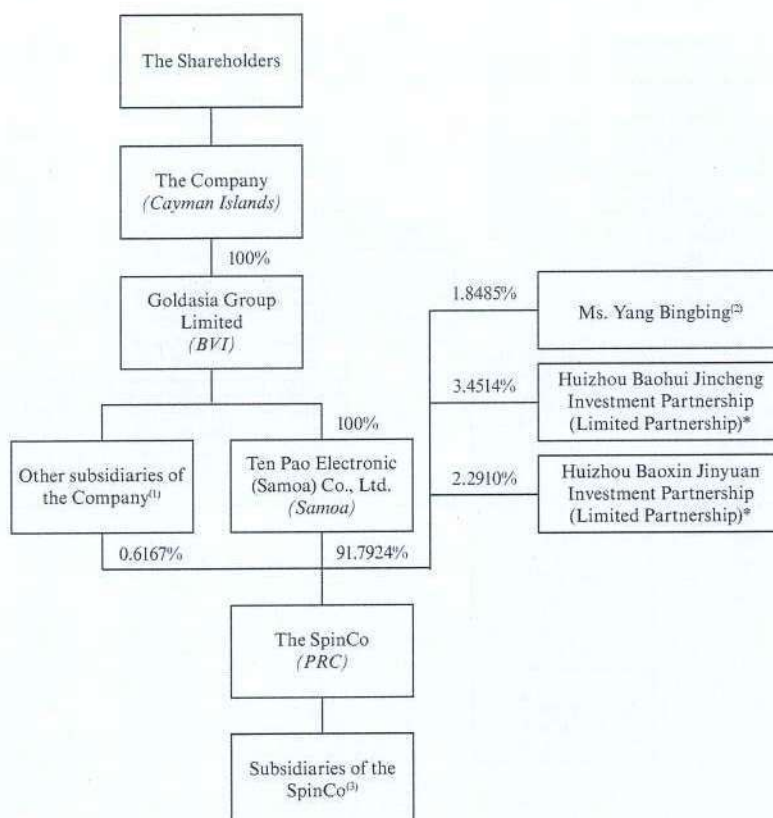
The Proposed Spin-off will be conditional upon, among others, the following:

- (a) approval of the Proposed Spin-off by the Shareholders;
- (b) approval of the Proposed Separate A-share Listing by the board of directors and the shareholders of the SpinCo;
- (c) approval and/or registration of the Shenzhen Stock Exchange and the CSRC in relation to the Proposed Separate A-share Listing; and
- (d) any other PRC regulatory approvals required by the relevant laws and regulations.

If any of the above conditions or other applicable conditions is not fulfilled, the Proposed Spin-off will not proceed and an announcement will be published by the Company as soon as practicable. As at the Latest Practicable Date, none of these conditions had been fulfilled.

(5) Shareholding effects of the Proposed Spin-off

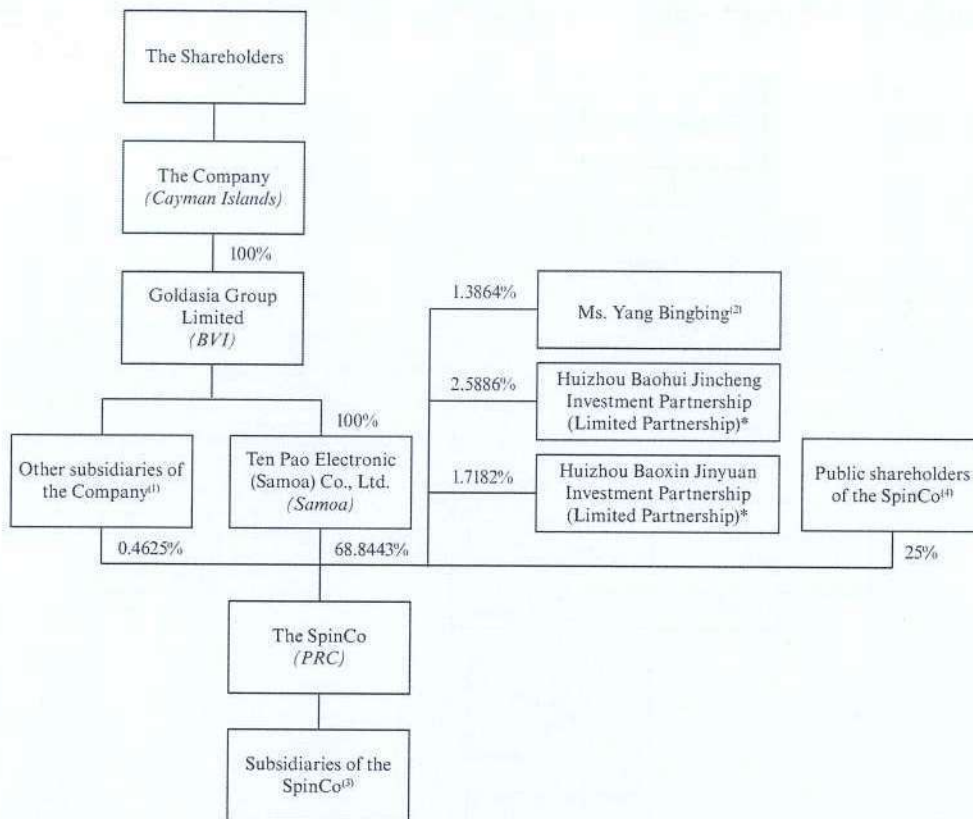
The simplified shareholding and group structure of the Spin-off Group immediately before the completion of the Proposed Spin-off is set out as follows:



Notes:

1. These subsidiaries of the Company include both wholly-owned and non-wholly-owned subsidiaries, the business operated by which will continue to be part of the Retained Business after completion of the Proposed Spin-off. None of these subsidiaries are separately listed on any stock exchange.
2. Ms. Yang Bingbing is a director and chief executive officer of the SpinCo.
3. These subsidiaries of the SpinCo include both wholly-owned and non-wholly-owned subsidiaries, the business operated by which will be part of the Spin-off Business after completion of the Proposed Spin-off. None of these subsidiaries are separately listed on any stock exchange.

The simplified shareholding and group structure of the Spin-off Group immediately after the completion of the Proposed Spin-off is set out as follows:



Notes:

Please refer to the notes 1 to 3 above.

4. On the basis that the Proposed Separate A-share Listing is anticipated to represent an offering of not more than 25% of the enlarged issued share capital of the SpinCo immediately upon completion of the Proposed Spin-off. The final size of the Proposed Separate A-share Listing is not determined yet at this stage.

3. FINANCIAL IMPACT OF THE PROPOSED SPIN-OFF

It is expected that, immediately upon completion of the Proposed Spin-off, the SpinCo will remain as an indirect non-wholly-owned subsidiary of the Company and its financial results will continue to be consolidated into the financial results of the Group.

The following estimates the financial impact of the Proposed Spin-off on the Group on the basis of the current structure of the Proposed Spin-off which is subject to finalisation and is for illustration purposes only. The analysis below does not purport to represent how the financial position of the Group will be upon completion of the Proposed Spin-off.

(1) Earnings

The Proposed Spin-off will be regarded as a transaction with non-controlling interest, the carrying amount of the non-controlling interest will be adjusted to reflect the proportionate change in the non-controlling interest in the SpinCo. It is expected that there would be no gain or loss on the deemed disposal credited or charged to the Company's consolidated statement of profit or loss upon the completion of the Proposed Spin-off. The difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration received will be recorded in equity attributed to the shareholders of the Company. In addition, as the proportion of the Company's shareholding in the SpinCo will be diluted immediately after the completion of the Proposed Spin-off, it is expected that the earnings attributable to the shareholders of the Company will decrease while the earnings attributable to non-controlling interests of the Company will increase.

(2) Assets and liabilities

The Proposed Spin-off and the Proposed Separate A-share Listing, which is expected to involve issue of new shares of the SpinCo, will increase the amount of cash recorded in the consolidated statement of financial position of the Company and the total assets of the Group correspondingly. The Proposed Spin-off will not affect the liabilities of the Group.

4. REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

The Company considers that it is commercially beneficial to the Company and the SpinCo to effect the Proposed Spin-off as it is expected to create greater value for the Company and its Shareholders as a whole and the SpinCo, for the following reasons:

- (1) the Proposed Spin-off will enable the respective management teams of the Spin-off Group and the Retained Group to dedicate their time on building their respective core businesses, adopt different business strategies that better suit their respective businesses, and increase their responsiveness to market changes and opportunities specific to the business of the relevant groups. The Proposed Spin-off will also provide greater financial transparency and business coherence and clearer corporate structure to each of the Spin-off Group and the Retained Group and to allow them to create a more defined business focus and efficient resource allocation, thus enhancing their operation efficiency;
- (2) the Spin-off Business has grown to a sufficient size to warrant a separate listing. The Proposed Spin-off substantively separates the Spin-off Business from the Retained Business, thereby enabling investors and financiers to appraise the strategies, functional exposures, risks and returns of the respective businesses separately and to make their investment decisions accordingly. The Proposed Spin-off will allow the Company and its Shareholders an opportunity to realise their fair value of investment in the SpinCo; and the Company will continue to be a controlling shareholder of the SpinCo upon completion of the Proposed

Spin-off and will benefit from any enhanced value of the Spin-off Group through consolidation of the Spin-off Group's accounts and receipt of dividend distributions (if any);

- (3) the Proposed Spin-off will enable the Spin-off Group and the Retained Group to have their separate fund raising platforms to directly and independently access both the debt and equity capital markets, which in turn may provide greater aggregate financing capacity to both the Spin-off Group and the Retained Group to deploy their funds towards their respective developments, operations and investment opportunities, as there will be greater clarity on the respective financial status of the Spin-off Group and the Retained Group. In addition, the cash proceeds to be received from the Proposed Separate A-share Listing will provide capital to the Spin-off Group for its operations and expansion plan. The Proposed Spin-off will potentially provide greater debt capacity due to greater clarity for credit profiling of each of the Company and the SpinCo respectively by financial institutions that wish to extend credit or financing to the Company or the SpinCo; and
- (4) the Proposed Spin-off will increase the operational and financial transparency and enhance the corporate governance of the Spin-off Group and provide investors, financial institutions and rating agencies with greater clarity on the business and financial status of each of the Spin-off Group and the Retained Group on a stand-alone basis, and such enhancement will help to build investor confidence in forming investment decisions based on their assessment of the performance, management, strategy, risks and returns of both the Spin-off Group and the Retained Group.

5. INFORMATION ON THE SPIN-OFF GROUP AND THE RETAINED GROUP

(1) Business overview

The Company is an exempted company incorporated in the Cayman Islands with limited liability and has been listed on the Main Board of the Stock Exchange since 11 December 2015. The Group is an industry-leading intelligent power supply solutions provider, specialising in the design, R&D and manufacturing of a diverse range of power supply products and related electronic solutions. Its products are widely used in industrial power supplies, consumer electronics, smart controllers (PCBA, a core component of electronic devices that can connect and control various sensors, communication modules and processing units to deliver intelligent and interconnected functionalities), new energy equipment and other end-user applications.

The business of the Group can be categorised into two major different businesses in two different segments in the electronic manufacturing industry, namely charging device related business and non-charging device related business.

Upon completion of the Proposed Spin-off, the Spin-off Group will be principally engaged in the charging device related business (i.e. the Spin-off Business), while the Retained Group will be principally engaged in the non-charging device related business

(i.e. the Retained Business). The Retained Group will retain sufficient level of operations and sufficient assets to support its separate listing status and satisfy independently the requirements of Chapter 8 of the Listing Rules as required under paragraph 3(c) of PN15.

(2) Key financial information of the Spin-off Group

The SpinCo is a limited liability company established in the PRC on 28 August 2000. It is an indirect non-wholly-owned subsidiary of the Company, which is engaged in the charging device related business (i.e. the Spin-off Business).

Selected financial information of the Spin-off Group for the years ended 31 December 2023, 2024 and 2025 are set out below:

	Year ended 31 December		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)
Revenue	4,225,713	4,657,708	4,678,171
Profit before tax	264,517	329,253	309,357
Profit after tax	233,612	313,777	278,862

As at 31 December 2025, the unaudited consolidated net asset value of the Spin-off Group was approximately HK\$1.8 billion.

The financial information of the Spin-off Group as stated above is unaudited and subject to audit adjustment.

(3) Clear business delineation between the business of the Spin-off Group and the Retained Group

Upon completion of the Proposed Spin-off, the Spin-off Business and the Retained Business will be clearly delineated and there will not be any direct or material competition between the Spin-off Group and the Retained Group. Details on the business delineation between the Spin-off Business and the Retained Business are set out below:

	Spin-off Business	Retained Business
Business nature	<ul style="list-style-type: none"> ● Manufacturing and sales of charging device 	<ul style="list-style-type: none"> ● Manufacturing and sales of non-charging device
Product	<ul style="list-style-type: none"> ● Chargers and adaptors ● New energy power conversion system ● Power function accessories 	<ul style="list-style-type: none"> ● PCBA controllers and accessories ● Luminaire

	Spin-off Business	Retained Business
Core principle and technology	<ul style="list-style-type: none"> ● Power conversion (Alternating Current (AC) input to Direct Current (DC) output, or vice versa) ● Bidirectional conversion between high and low voltage power 	<ul style="list-style-type: none"> ● Receiving external input signals ● Processing input signals through a main control chip (e.g. microcontroller (MCU)) ● Enabling controlled outputs to devices like motors (loads) or human-machine interfaces (HMIs)
Product application	<ul style="list-style-type: none"> ● To provide power supply to, or to charge the batteries of, the end products which include consumer products and industrial equipment and power tools 	<ul style="list-style-type: none"> ● “Smart controllers” that are designed and tailor-made for specific end product ● To deliver dynamic control, adaptive adjustment, safety protection, and data interaction to the end products
Market	<ul style="list-style-type: none"> ● Charger industry ● “C38. electrical machinery and equipment manufacturing industry (電氣機械和器材製造業)” under the Industrial classification for national economic activities (國民經濟行業分類) 	<ul style="list-style-type: none"> ● Smart controller industry ● Categorized as “C39. computer, communication and other electronic equipment manufacturing industry (計算機、通信和其他電子設備製造業)” under the Industrial classification for national economic activities (國民經濟行業分類)
Customer base	<ul style="list-style-type: none"> ● Manufacturers of consumer products, industrial equipment and electric vehicles 	<ul style="list-style-type: none"> ● Manufacturers of power tools and industrial equipment, automotive electronics, home appliances, smart home products and medical electronics, as well as luminaire brands

(4) Operational independence

R&D

The products of the Spin-off Business and the Retained Business involve different technologies. Each of the Spin-off Group and the Retained Group has their own R&D teams and related facilities for R&D of their respective products separately.

Procurement

The following measures have been put in place to ensure independent procurement process between the Spin-off Group and the Retained Group:

- the Spin-off Group and the Retained Group have established separate procurement teams situated at different locations for sourcing raw materials and equipment as required separately;
- the Spin-off Group and the Retained Group have entered into separate procurement agreements with their respective suppliers, and therefore purchase orders are being placed separately depending on the business needs of each group; and
- the Spin-off Group and the Retained Group have maintained separate records of their purchases in their financial and accounting records respectively.

Manufacturing

The following measures have been put in place to ensure independent manufacturing process between the Spin-off Group and the Retained Group:

- each of the Spin-off Group and the Retained Group holds the relevant assets related to their respective businesses;
- the Spin-off Group and the Retained Group have established separate work force for manufacturing their respective products; and
- the Spin-off Group and the Retained Group have established their own production bases in separated locations which are supported by their own operational teams.

Sales and marketing

The following measures have been put in place to ensure independent sales and marketing activities between the Spin-off Group and the Retained Group:

- the Spin-off Group and the Retained Group have established separate sales and marketing teams as well as distribution channels for the marketing and sales of their respective products separately;
- the Spin-off Group and the Retained Group have entered into separate agreements with their respective customers; and
- the Spin-off Group and the Retained Group have maintained separate records of their sales in their financial and accounting records respectively, and have issued invoice to their respective customers separately.

Intellectual Property Rights

There are a number of trademarks registered in the PRC with the Spin-off Group as the registrant, which mainly include the “Ten Pao (天寶)” brand which are generally used for marketing purpose. Since the relevant trademarks will continue to be used by the Spin-off Group and the Retained Group and the same or similar marks cannot be registered under separate entities, upon completion of the Proposed Spin-off, the Spin-off Group will enter into trademark licence agreements with the Retained Group, pursuant to which the Spin-off Group agrees to grant to the Retained Group licence to use the relevant trademarks for a term of ten years commencing from the date of the relevant agreements, subject to the renewal of the relevant marks, on a royalty-free basis.

Each of the Spin-off Group and the Retained Group owns the self-developed patents relating to the Spin-off Business and the Retained Business, respectively. There is no sharing or licensing of patents between the Spin-off Group and the Retained Group.

Ongoing transactions

Upon completion of the Proposed Spin-off, the following transactions between the Retained Group and the Spin-off Group are expected to be ongoing:

- provision of material, such as charging devices, moulds, nameplates, plastic and hardware accessories, and OEM services by the Spin-off Group to Retained Group; and
- provision of shared administrative services, such as external audit, legal consultant and public relation services, and renovation or maintenance services by the Retained Group to the Spin-off Group.

The terms of all ongoing transactions will continue to be determined after arm's length negotiations. Each of the above material or services can be readily sourced from third party suppliers and therefore each of the above ongoing transactions will only be continued if the transaction is considered to be on normal commercial terms or better. On the basis that the SpinCo is not expected to be a connected person of the Company upon completion of the Proposed Spin-off, the ongoing transactions of the SpinCo with the Retained Group will not constitute connected transactions nor continuing connected transactions for the Retained Group under Chapter 14A of the Listing Rules.

(5) Management independence

It is expected that the board of directors of the SpinCo will consist of three directors and three independent directors. Although there will be one common director, namely Chairman Hung, between the Company and the SpinCo upon completion of the Proposed Spin-off, it is expected that the day-to-day operation and management functions of the Spin-off Group can be carried out independently from the Retained Group and vice versa, based on the following reasons:

- Chairman Hung is the founder and chairman of the Group and therefore it is reasonable for Chairman Hung to take part in the strategic management of both the Spin-off Group and the Retained Group. As a director of both the Company and the SpinCo, Chairman Hung is expected to be involved in the management of both the Company and the SpinCo after the Proposed Spin-off and he will split his time between the management of the Spin-off Group and the Retained Group. Having said that, Chairman Hung's role in the SpinCo will primarily be related to management and supervision of the operation of the Spin-off Group;
- all independent non-executive directors of the Company and the SpinCo will be separately appointed to ensure a complete separation and segregation of duties among the audit committee, remuneration committee and nomination committee of the Retained Group and the Spin-off Group respectively; and
- in the event of any actual or potential conflict of interest between the Spin-off Group and the Retained Group, the director who has material interests in the relevant matter will (a) report such actual or potential conflict of interest to the board as soon as practicable upon becoming aware of it; and (b) abstain from voting on the relevant board resolutions, and the other directors will vote and decide on the matter.

(6) Administrative independence

Notwithstanding the Spin-off Group and the Retained Group has been sharing, and upon completion of the Proposed Spin-off, will continue to share certain external audit, legal consultant and public relation services on a clear cost allocation basis with reference to profit contribution, all of the essential administrative functions, including human resources management, information technology system and financial

management and any management decision or discretion, of the Spin-off Group have been, and will be, handled by its own finance, internal audit and legal team independently without any support from the Retained Group, and vice versa.

Each of the Spin-off Group and the Retained Group has established separate information technology systems, such as enterprise resource planning, manufacturing execution systems and office automation system, for their respective operations. In addition, all essential functions involving any management decision or discretion will be retained and performed by the Retained Group and the Spin-off Group independently.

(7) Financial independence

Each of the Spin-off Group and the Retained Group has established its own finance department with a team of finance staff responsible for financial control, accounting and reporting, group credit, risk management and internal control which is independent of each other, and making independent financial decisions according to their respective business needs. Each of the Spin-off Group and the Retained Group will maintain separate books and accounts in the financial system and will operate the financial system independently.

There will be no financial assistance (including any loans, guarantees, non-trade nature amounts due to/from) between the Spin-off Group and the Retained Group upon the completion of the Proposed Spin-off.

Each of the Spin-off Group and the Retained Group (i) has sufficient capital, cash and cash equivalent and bank facilities and credit to operate its business independently and has sufficient internal resources to support its daily operation; (ii) has been able to have access to independent third party financial institutions and obtain independent financing on comparable terms without any guarantee or mortgage from each other; and (iii) has created their own bank accounts which are maintained and operated separately.

6. WAIVER IN RESPECT OF ASSURED ENTITLEMENT

Pursuant to the requirements under paragraph 3(f) of PN15, a listed issuer carrying out a spin-off is required to have due regard to the interests of its existing shareholders by providing them with an assured entitlement to shares in the spun-off entity, either by way of a distribution in specie of existing shares or by way of preferred application in any offering of existing or new shares in the spun-off entity.

As part of the Proposed Spin-off and Proposed Separate A-share Listing, there will be issue of new shares of the SpinCo and such shares will only be issued in the PRC.

As advised by the Company's legal advisers as to PRC laws (the "**PRC Legal Advisers**"), there are legal restrictions in providing the Company's Shareholders with assured entitlement ("**Assured Entitlement**") to the shares in the SpinCo under the PRC laws

and regulation. According to the PRC Legal Advisers, according to relevant PRC laws and regulations, only the following overseas investors (collectively, the “Qualified Investors”) could subscribe shares listed on the stock exchanges in the PRC:

- (a) residents of Hong Kong, Macao or Taiwan who work or live in the PRC;
- (b) foreigners who have obtained permanent residence right in the PRC;
- (c) foreigners who work in the PRC and whose home country has established a regulatory cooperation mechanism with the CSRC;
- (d) qualified foreign institutional investors approved by CSRC;
- (e) foreign strategic investors subject to filing or approval by the Ministry of Commerce of the People’s Republic of China or other required mandatory procedures;
- (f) foreign natural person investors who comply with the provisions of the Measures for the Administration of Equity Incentives of Listed Companies (《上市公司股權激勵管理辦法》) on incentive grantees (only applicable to listed companies that implement equity incentives for foreign natural person employees); and
- (g) foreign investors who hold shares in a company to be listed before its initial public offering.

Accordingly, it is unduly burdensome and practically impossible for the Company to determine whether its Shareholders are considered as Qualified Investors, in order to hold shares in the SpinCo under the Assured Entitlement.

As further advised by the PRC Legal Advisers, even if any Shareholder of the Company is a Qualified Investor, (i) there is no legal support and practice guidance for the Company to distribute shares of the SpinCo to the Shareholders of the Company; (ii) according to the Securities Law of the People’s Republic of China (《中華人民共和國證券法》), Securities Issuance and Underwriting Management Measures (《證券發行與承銷管理辦法》) and other relevant laws and regulations, any public offering of shares by any issuer must be approved by the competent State Council’s securities regulatory agency or registered by the department authorized by the State Council, and comply with relevant regulations relating to quotation and subscription procedures. Save for special circumstances (such as preferential allocation of no less than certain percentage of the total shares to be issued to public offering funds, national social security funds, pension funds, enterprise annual funds, occupational annual funds, and insurance funds in compliance with relevant regulations including Insurance Fund Utilization Management Measures (《保險資金運用管理辦法》) and qualified foreign investors funds), shares shall not be preferentially allocated to any specific person. As such, the Company or the SpinCo is not allowed to allocate the shares in the SpinCo to any specific person under a preferential allocation. Therefore, the Company is unable to provide Assured Entitlement in the form of preferential application.

Nonetheless, the Company believes that not providing its Shareholders with the Assured Entitlement shall not prejudice the interests and benefits of its Shareholders since the financial results of the Spin-off Group will continue to be reflected in the consolidated financial statements of the Company, and therefore the benefits brought by the Proposed Spin-off will still be enjoyed, indirectly, by the Shareholders of the Company.

In light of the above reasons, the Company has applied for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the applicable requirements in relation to the Assured Entitlement under paragraph 3(f) of PN15 in connection with the Proposed Spin-off.

Having considered the above legal impracticalities for providing the Assured Entitlement and the reasons for and benefits of the Proposed Spin-off and Proposed Separate A-share Listing under the section headed "4. Reasons for and benefits of the Proposed Spin-off", the Board is of the view that the Proposed Spin-off and the waiver in respect of the Assured Entitlement requirement in connection with the Proposed Spin-off are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

7. IMPLICATIONS UNDER THE LISTING RULES

The Proposed Spin-off, if materialised, will constitute a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. As the highest applicable percentage ratios under Rule 14.07 of the Listing Rules may be higher than 25% but less than 75%, the Proposed Spin-off, if materialised, will constitute a major transaction of the Company under Chapter 14 of the Listing Rules. The Proposed Spin-off would therefore be subject to, among others, the approval of the Shareholders under paragraph 3(e)(1) of PN15 and Chapter 14 of the Listing Rules.

The Proposed Spin-off and Proposed Separate A-share Listing, including its final structure, exact offer price and size, are subject to, the approval of relevant authorities (including the CSRC, the Shenzhen Stock Exchange or other governmental authorities), market conditions and other considerations. Accordingly, Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off and the Proposed Separate A-share Listing will take place or as to when it may take place. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

8. WRITTEN APPROVAL FROM A CLOSELY ALLIED GROUP OF SHAREHOLDERS

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Shareholders has a material interest in the Proposed Spin-off which is different from those of other Shareholders. Accordingly, no Shareholder is required to abstain from voting in respect of the proposed resolution to approve the Proposed Spin-off.

Pursuant to Rule 14.44 of the Listing Rules, the Company has obtained a written Shareholders' approval from a closely allied group of Shareholders (the "**Shareholder Group**") (being holders of 688,201,521 Shares, representing approximately 66.79% of the total issued Shares of the Company), to approve the Proposed Spin-off in lieu of holding a general meeting, provided that the Proposed Spin-off will not be classified as a very substantial disposal of the Company under Chapter 14 of the Listing Rules. Accordingly, in the event that the Proposed Spin-off constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, no general meeting of the Company will be convened for the purpose of approving the Proposed Spin-off and Proposed Separate A-share Listing.

The Shareholder Group comprises:

- (1) Chairman Hung, who holds 19,703,980 Shares, representing approximately 1.91% of the issued Shares of the Company;
- (2) Even Joy Holdings Limited, which holds 354,883,279 Shares, representing approximately 34.44% of the issued Shares of the Company; and
- (3) TinYing Investments Limited, which holds 313,614,262 Shares, representing approximately 30.44% of the issued Shares of the Company.

The Shareholder Group constitutes a closely allied group of Shareholders under Rule 14.45 of the Listing Rules for the following reasons:

- (1) Even Joy Holdings Limited is a company wholly owned by Chairman Hung;
- (2) TinYing Investments Limited is a company wholly owned by TinYing Holdings Limited, which is in turn wholly owned by Vistra Trust (BVI) Limited acting as the trustee of The TinYing Trust (the "**Family Trust**"), and the Family Trust is a discretionary trust established by Chairman Hung as settlor, and the beneficiaries of the Family Trust are Chairman Hung, certain of his family members and other persons who may be added or amended from time to time; and
- (3) by virtue of the above relationships, Chairman Hung, Even Joy Holdings Limited and TinYing Investments Limited would together be regarded as "acting in concert" for the purposes of the Takeovers Code.

9. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 21 of this circular. Your attention is also drawn to the letter of advice from Asian Capital, the Independent Financial Adviser, to the Independent Board Committee and the Shareholders set out on pages 22 to 51 of this circular.

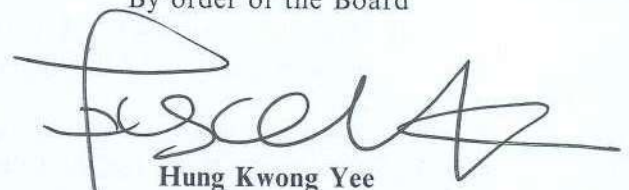
Although a general meeting will not be convened by the Company to approve the Proposed Spin-off and Proposed Separate A-share Listing, if such general meeting were to be convened by the Company, the Board (including the independent non-executive Directors) would recommend the Shareholders to vote in favour of the ordinary resolution regarding the Proposed Spin-Off.

10. ADDITIONAL INFORMATION

This circular is being distributed to the Shareholders. This circular does not constitute an offer or invitation to subscribe for or purchase any securities nor is it calculated to invite any such offer or invitation. Neither this circular nor anything contained herein shall form the basis of any contract or commitment whatsoever.

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board



Hung Kwong Yee
Chairman & Chief Executive Officer



TEN PAO GROUP HOLDINGS LIMITED

天寶集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1979)

3 July 2026

To the Shareholders

Dear Sir/Madam,

**POSSIBLE MAJOR TRANSACTION AND DEEMED DISPOSAL
IN RELATION TO
THE PROPOSED SPIN-OFF AND SEPARATE A-SHARE LISTING OF
TEN PAO ELECTRONICS (HUIZHOU) CO., LTD.*
(廣東天寶電子科技股份有限公司)**

We refer to the circular dated 3 July 2026 issued by the Company to the Shareholders (the "Circular") of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter, unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise the Shareholders on whether the terms of the Proposed Spin-off are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Asian Capital has been appointed as the Independent Financial Adviser to advise us and the Shareholders in this respect. We wish to draw your attention to the letter of advice issued by Asian Capital which is set out on pages 22 to 51 of the Circular.

Having considered the advice of Asian Capital, we are of the view that the terms of the Proposed Spin-off are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Shareholders to vote in favour of the ordinary resolution regarding the Proposed Spin-off, if a general meeting were to be convened by the Company to approve the Proposed Spin-off.

Yours faithfully,

For and on behalf of the Independent Board Committee


Lam Cheung Chuen

Lui Sun Wing

Cheung Chin Hoo

Ferheen Mahomed

Independent non-executive Directors



TEN PAO GROUP HOLDINGS LIMITED

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Accordingly, we recommend the Shareholders to vote in favour of the ordinary resolution regarding the Proposed Spin-off, if a general meeting were to be convened by the Company to approve the Proposed Spin-off.

Yours faithfully,

For and on behalf of the Independent Board Committee

Lam Cheung Chuen

Lui Sun Wing

Cheung Chin Hoo

Ferheen Mahomed

Independent non-executive Directors



TEN PAO GROUP HOLDINGS LIMITED

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IN RELATION TO
THE PROPOSED SPIN-OFF AND SEPARATE A-SHARE LISTING OF
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Asian Capital has been appointed as the Independent Financial Adviser to advise us and the Shareholders in this respect. We wish to draw your attention to the letter of advice issued by Asian Capital which is set out on pages 22 to 51 of the Circular.

Having considered the advice of Asian Capital, we are of the view that the terms of the Proposed Spin-off are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Shareholders to vote in favour of the ordinary resolution regarding the Proposed Spin-off, if a general meeting were to be convened by the Company to approve the Proposed Spin-off.

Yours faithfully,

For and on behalf of the Independent Board Committee

Lam Cheung Chuen

Lui Sun Wing

Cheung Chin Hoo

Ferheen Mahomed

Independent non-executive Directors



TEN PAO GROUP HOLDINGS LIMITED

天寶集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1979)

3 July 2026

To the Shareholders

Dear Sir/Madam,

**POSSIBLE MAJOR TRANSACTION AND DEEMED DISPOSAL
IN RELATION TO
THE PROPOSED SPIN-OFF AND SEPARATE A-SHARE LISTING OF
TEN PAO ELECTRONICS (HUIZHOU) CO., LTD.*
(廣東天寶電子科技股份有限公司)**

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We have been appointed by the Board as members of the Independent Board Committee to advise the Shareholders on whether the terms of the Proposed Spin-off are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Asian Capital has been appointed as the Independent Financial Adviser to advise us and the Shareholders in this respect. We wish to draw your attention to the letter of advice issued by Asian Capital which is set out on pages 22 to 51 of the Circular.

Having considered the advice of Asian Capital, we are of the view that the terms of the Proposed Spin-off are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Shareholders to vote in favour of the ordinary resolution regarding the Proposed Spin-off, if a general meeting were to be convened by the Company to approve the Proposed Spin-off.

Yours faithfully,

For and on behalf of the Independent Board Committee

Lam Cheung Chuen

Lui Sun Wing

Cheung Chin Hoo

Ferheen Mahomed

Independent non-executive Directors

3 July 2026

Ten Pao Group Holdings Limited
Rooms 610–612, 6th Floor
Kwong Sang Hong Centre
151–153 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

*To: the Independent Board Committee and the Shareholders of
Ten Pao Group Holdings Limited*

Dear Sirs,

**POSSIBLE MAJOR TRANSACTION AND DEEMED DISPOSAL
IN RELATION TO
THE PROPOSED SPIN-OFF AND SEPARATE A-SHARE LISTING
OF TEN PAO ELECTRONICS (HUIZHOU) CO., LTD.*
(廣東天寶電子科技股份有限公司)**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Shareholders in relation to the Proposed Spin-off and the transactions contemplated therein. Details of the Proposed Spin-off are set out in the circular issued by the Company to the Shareholders dated 3 July 2026 (the “Circular”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

As stated in the letter from the Board contained in the Circular, subject to approvals by the Shareholders and the relevant PRC regulators, it is currently proposed that the SpinCo will issue A-shares on the Shenzhen Stock Exchange by way of a public offering to public investors in the market, or other methods as requested or agreed by the CSRC. Based on the current structure of the Proposed Spin-off which is subject to finalisation, the Proposed Separate A-share Listing is anticipated to represent an offering of not more than 25% of the enlarged issued share capital of the SpinCo immediately upon completion of the Proposed Spin-off. As at the Latest Practicable Date, the SpinCo is an indirect non-wholly-owned subsidiary of the Company. It is expected that, immediately upon completion of the Proposed Spin-off, the Company’s interest in the SpinCo will decrease from approximately 92.4091% to 69.3068% (assuming the size of the Proposed Separate A-share Listing will represent 25% of the enlarged issued share capital of the SpinCo

immediately upon completion of the Proposed Spin-off), and the SpinCo will remain as an indirect non-wholly-owned subsidiary of the Company and its financial results will continue to be consolidated into the financial results of the Group.

For the purpose of the Proposed Spin-off, the Company has submitted a proposal on the Proposed Spin-off to the Stock Exchange pursuant to PN15 and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off under PN15. The Stock Exchange has also granted a waiver from strict compliance with the applicable requirements in relation to the assured entitlement under the Proposed Spin-off as required by paragraph 3(f) of PN15.

It is expected that the pre-listing tutorial will be completed, and the SpinCo will submit an application to the Shenzhen Stock Exchange for the Proposed Separate A-share Listing, in December 2026, while the completion date of the Proposed Spin-off and the Proposed Separate A-share Listing will be subject to (i) the vetting process of the relevant listing application by the Shenzhen Stock Exchange, CSRC and other relevant governmental and regulatory authorities, and (ii) market conditions. Based on the current proposed timetable, it is expected that the Proposed Separate A-share Listing, if approved and proceeded with, will be completed by 2027.

The Proposed Spin-off, if materialised, will constitute a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. As the highest applicable percentage ratios under Rule 14.07 of the Listing Rules may be higher than 25% but less than 75%, the Proposed Spin-off, if materialised, will constitute a major transaction of the Company under Chapter 14 of the Listing Rules. The Proposed Spin-off would therefore be subject to, among others, the approval of the Shareholders under paragraph 3(e)(1) of PN15 and Chapter 14 of the Listing Rules.

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Lam Cheung Chuen, Dr. Lui Sun Wing, Mr. Cheung Chin Hoo and Ms. Ferheen Mahomed, has been established to advise the Shareholders on whether the terms of the Proposed Spin-off are fair and reasonable so far as the Shareholders are concerned and in the interest of the Company and the Shareholders as a whole. We, Asian Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders in the same regard.

OUR INDEPENDENCE

During the past two years, we acted as an independent financial adviser to the Company in relation to the revision of annual caps of continuing connected transaction as set out in the circular of the Company dated 2 August 2024 (the “**Past Appointment**”). The Past Appointment was limited to providing independent advisory services to the Company pursuant to the Listing Rules, for which we received a normal professional fee relevant to this type of engagements. Accordingly, we do not consider the Past Appointment would affect our independence to act as the independent financial adviser to the Company under the current engagement. Apart from normal professional fees paid or payable to us in connection with the Past Appointment and this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company.

As at the Latest Practicable Date, there were no relationships or interests between Asian Capital on one hand and the Company, the SpinCo or any of their close associates, associates or core connected persons (all as defined in the Listing Rules) on the other hand that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Shareholders in connection with the Proposed Spin-off and the transactions contemplated therein.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have reviewed, among other things, (i) the annual reports of the Company for the years ended 31 December 2023 (“**2023 Annual Report**”), 31 December 2024 (“**2024 Annual Report**”) and 31 December 2025 (“**2025 Annual Report**”), (ii) the announcements of the Company in relation to the Proposed Spin-off dated 14 May 2026, and (iii) the information contained in the Circular.

We have also relied on all relevant information and representations provided, and the opinions expressed, by the Directors and/or the management of the Company (the “**Management**”). We have assumed that all such information and representations contained or referred to in the Circular are true and accurate in all material respects as at the date thereof.

The Directors and the Management have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular and have also confirmed that, having made all reasonable enquiries and to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no material facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Management, and they have confirmed that no material information has been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided by the Directors and/or the Management, nor have we conducted an independent investigation into the business, affairs, operations, financial position or future prospects of each of the Group, the Spin-off Group and any of their respective associates.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation with respect to the Proposed Spin-off, we have taken into account the principal factors and reasons set out below.

1. Information of the Group

a. Business overview

The Company is an exempted company incorporated in the Cayman Islands with limited liability and has been listed on the Main Board of the Stock Exchange since 11 December 2015. The Group is an industry-leading intelligent power supply solutions provider, specialising in the design, R&D and manufacturing of a diverse range of power supply products and related electronic solutions. Its products are widely used in industrial power supplies, consumer electronics, smart controllers (PCBA, a core component of electronic devices that can connect and control various sensors, communication modules and processing units to deliver intelligent and interconnected functionalities), new energy equipment and other end-user applications.

The business of the Group can be categorised into two major different businesses in two different segments in the electronic manufacturing industry, namely (i) charging device related business including manufacturing and sales of chargers, adaptors, new energy power conversion system and power function accessories and (ii) non-charging device related business including manufacturing and sales of PCBA controllers and accessories, luminaire and handheld tools for industrial use.

Upon completion of the Proposed Spin-off, the Spin-off Group will be principally engaged in the charging device related business (i.e. the Spin-off Business), while the Retained Group will be principally engaged in the non-charging device related business (i.e. the Retained Business).

b. Historical financial performance of the Group

Set out below is the summary of the audited financial information of the Group for the three years ended 31 December 2023 (“FY2023”), 31 December 2024 (“FY2024”) and 31 December 2025 (“FY2025”), which are extracted from the Company’s respective annual reports:

	FY2023	FY2024	FY2025
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Revenue	4,823,452	5,385,748	5,558,643
<i>Smart chargers and controllers</i>	1,667,829	2,009,551	2,158,831
<i>Telecommunication</i>	1,545,000	1,455,957	1,319,419
<i>New energy business</i>	763,525	1,048,150	942,702
<i>Media and entertainment</i>	362,038	298,017	465,879
<i>Lighting</i>	316,111	365,266	418,576
<i>Others</i>	168,949	208,807	253,236
Gross profit	907,200	1,048,154	1,011,582
Gross profit margin	18.8%	19.5%	18.2%
Profit for the year	328,202	383,594	380,371

FY2024 vs FY2023

For FY2024, the Group recorded revenue amounted to approximately HK\$5,385.7 million, representing an increase of approximately HK\$562.2 million or 11.7% as compared with approximately HK\$4,823.5 million for FY2023. The increase was mainly attributable to higher sales volume of products driven by strong customer demand, particularly from the new energy business segment which achieved a growth of 37.3% and the smart chargers and controllers segment which achieved a growth of 20.5%.

For FY2024, the gross profit of the Group amounted to approximately HK\$1,048.2 million, representing an increase of approximately HK\$141.0 million or 15.5% as compared with approximately HK\$907.2 million for FY2023. The increase in gross profit was consistent with the aforementioned increase in revenue and slight increase in gross profit margin for FY2024.

For FY2024, the profit for the year of the Group amounted to approximately HK\$383.6 million, representing an increase of approximately HK\$55.4 million or 16.9% as compared with approximately HK\$328.2 million for FY2023. The increase in profit was generally in line with the aforementioned increase in gross profit.

FY2025 vs FY2024

For FY2025, the Group recorded revenue amounted to approximately HK\$5,558.6 million, representing an increase of HK\$172.9 million or 3.2% as compared with approximately HK\$5,385.7 million for FY2024. The increase was mainly attributable to the increase in demand from smart chargers and controllers segment, media and entertainment segment and lighting segment.

For FY2025, the gross profit of the Group amounted to approximately HK\$1,011.6 million, representing a decrease of approximately HK\$36.6 million or 3.5% as compared with approximately HK\$1,048.2 million for FY2024. The slight decrease in gross profit was consistent with slight decrease in gross profit margin.

The profit for the year of the Group remained relatively stable with a slight decrease from approximately HK\$383.6 million for FY2024 to approximately HK\$380.4 million for FY2025, representing a decrease of approximately HK\$3.2 million or 0.8%.

c. Financial position of the Group

Set out below is a summary of the financial position of the Group as at 31 December 2023, 2024 and 2025:

	As at 31 December		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)
Total non-current assets	1,506,269	1,678,624	1,932,380
Total current assets	2,813,283	3,731,027	3,591,207
Total asset	4,319,552	5,409,651	5,523,587
Total non-current liabilities	197,675	177,235	171,994
Total current liabilities	2,470,623	3,380,821	3,173,881
Total liabilities	2,668,298	3,558,056	3,345,875
Net asset	1,651,254	1,851,595	2,177,712

As at 31 December 2025, the Group had total assets of approximately HK\$5,523.6 million, comprising mainly property, plant and equipment of approximately HK\$1,450.9 million, trade and other receivables of approximately HK\$1,650.5 million, inventories of approximately HK\$954.9 million, restricted bank deposits of approximately HK\$702.1 million and cash and cash equivalents of approximately HK\$282.4 million. The total liabilities of the Group were approximately HK\$3,345.9 million, comprising mainly trade and other payables of approximately HK\$2,268.5 million and short-term bank borrowings of approximately HK\$796.2 million.

The Group's net asset increased from approximately HK\$1,651.3 million as at 31 December 2023 to approximately HK\$1,851.6 million as at 31 December 2024. It further increased to approximately HK\$2,177.7 million as at 31 December 2025, representing an increase of approximately HK\$326.1 million or 17.6%.

2. Information of the Spin-off Group

a. Business Overview

As disclosed in the letter from the Board contained in the Circular and as advised by the Management, the SpinCo is a limited liability company established in the PRC on 28 August 2000. It is an indirect non-wholly-owned subsidiary of the Company, which is engaged in charging device related business (i.e. the Spin-off Business), as detailed below:

- (a) Chargers and adaptors, primarily including:
 - (i) chargers for smartphones, tablets, video game consoles and other consumer electronics;
 - (ii) chargers for industrial and/or outdoor power equipment;
 - (iii) charging modules for electric vehicles' charging piles;
 - (iv) adaptors for laptops, monitors, projectors, video game consoles, routers, video recorders and other consumer electronics.
- (b) New energy power conversion system, primarily include power and battery-related products which can be used in solar power generation system.

The applications of the products under the Spin-off Business are generally (a) to provide power supply to; or (b) to charge the batteries of, the end products which include (a) consumer products, such as smartphones, laptops, desktop computers, audio systems, etc.; and (b) industrial equipment and power tools, such as electric drills, electric saws and electric grinders, etc.

b. Financial performance

The following table sets out a summary of the unaudited consolidated statement of profit or loss of the Spin-off Group for the years ended 31 December 2023, 2024 and 2025.

	For the year ended 31 December		
	2023	2024	2025
	(HK\$'000)	(HK\$'000)	(HK\$'000)
	(unaudited)	(unaudited)	(unaudited)
Revenue	4,225,713	4,657,708	4,678,171
Profit before tax	264,517	329,253	309,357
Profit after tax	233,612	313,777	278,862

The Spin-off Group's revenue for the three years ended 31 December 2023, 2024 and 2025 was approximately HK\$4,225.7 million, HK\$4,657.7 million and HK\$4,678.2 million, respectively. As advised by the Management, the Spin-off Group's revenue is derived from three business segments, namely the manufacture and sale of (i) chargers and adaptors, (ii) new energy power conversion systems, and (iii) power function accessories.

The profit after tax was approximately HK\$233.6 million, HK\$313.8 million and HK\$278.9 million for the three years ended 31 December 2023, 2024 and 2025, respectively. The profit performance is in line with business expectation and steady growth in revenue.

c. Financial position

The following table sets out a summary of the unaudited consolidated statement of the financial position of the Spin-off Group as at 31 December 2023, 2024 and 2025.

	As at 31 December		
	2023	2024	2025
	(HK\$000)	(HK\$000)	(HK\$000)
	(unaudited)	(unaudited)	(unaudited)
Total assets	3,923,154	4,619,175	4,493,570
Total liabilities	2,415,264	3,024,486	2,666,200
Net assets	1,507,890	1,594,689	1,827,370

Total assets amounted to approximately HK\$3,923.2 million as at 31 December 2023 and HK\$4,619.2 million as at 31 December 2024. As at 31 December 2025, the total assets of the Spin-off Group amounted to approximately HK\$4,493.6 million.

Total liabilities were approximately HK\$2,415.3 million as at 31 December 2023 and HK\$3,024.5 million as at 31 December 2024. As at 31 December 2025, the total liabilities of the Spin-off Group amounted to approximately HK\$2,666.2 million.

As at 31 December 2025, the unaudited consolidated net asset value of the Spin-off Group was approximately HK\$1,827.4 million.

d. Business delineation between the business of the Spin-off Group and the Retained Group

As stated in the letter from the Board contained in the Circular, the key differences between the charging device related business operated by the Spin-off Group (i.e. the Spin-off Business) and the non-charging device related business operated by the Retained Group (i.e. the Retained Business) are as follows:

	Spin off Business	Retained Business
Business nature	<ul style="list-style-type: none"> ● Manufacturing and sales of charging device 	<ul style="list-style-type: none"> ● Manufacturing and sales of non-charging device
Product	<ul style="list-style-type: none"> ● Chargers and adaptors ● New energy power conversion system ● Power function accessories 	<ul style="list-style-type: none"> ● PCBA controllers and accessories ● Luminaire
Core principle and technology	<ul style="list-style-type: none"> ● Power conversion (Alternating Current (AC) input to Direct Current (DC) output, or vice versa) ● Bidirectional conversion between high and low voltage power 	<ul style="list-style-type: none"> ● Receiving external input signals ● Processing input signals through a main control chip (e.g. microcontroller (MCU)) ● Enabling controlled outputs to devices like motors (loads) or human-machine interfaces (HMIs)

	Spin off Business	Retained Business
Product application	<ul style="list-style-type: none"> ● To provide power supply to, or to charge the batteries of, the end products which include consumer products and industrial equipment and power tools 	<ul style="list-style-type: none"> ● “Smart controllers” that are designed and tailor-made for specific end product ● To deliver dynamic control, adaptive adjustment, safety protection, and data interaction to the end products
Market	<ul style="list-style-type: none"> ● Charger industry ● “C38. electrical machinery and equipment manufacturing industry (電氣機械和器材製造業)” under the Industrial classification for national economic activities (國民經濟行業分類) 	<ul style="list-style-type: none"> ● Smart controller industry ● Categorised as “C39. computer, communication and other electronic equipment manufacturing industry (計算機、通信和其他電子設備製造業)” under the Industrial classification for national economic activities (國民經濟行業分類)
Customer base	<ul style="list-style-type: none"> ● Manufacturers of consumer products, industrial equipment and electric vehicles 	<ul style="list-style-type: none"> ● Manufacturers of power tools and industrial equipment, automotive electronics, home appliances, smart home products and medical electronics, as well as luminaire brands

(i) Operational Independence

R&D

The products of the Spin-off Business and the Retained Business involve different technologies. Each of the Spin-off Group and the Retained Group has their own R&D teams and related facilities for R&D of their respective products separately.

Procurement

The following measures have been put in place to ensure independent procurement process between the Spin-off Group and the Retained Group:

- (i) the Spin-off Group and the Retained Group have established separate procurement teams situated at different locations for sourcing raw materials and equipment as required separately;
- (ii) the Spin-off Group and the Retained Group have entered into separate procurement agreements with their respective suppliers, and therefore purchase orders are being placed separately depending on the business needs of each group; and
- (iii) the Spin-off Group and the Retained Group have maintained separate records of their purchases in their financial and accounting records respectively.

Manufacturing

The following measures have been put in place to ensure independent manufacturing process between the Spin-off Group and the Retained Group:

- (i) each of the Spin-off Group and the Retained Group holds the relevant assets related to their respective businesses;
- (ii) the Spin-off Group and the Retained Group have established separate work force for manufacturing their respective products; and
- (iii) the Spin-off Group and the Retained Group have established their own production bases in separated locations which are supported by their own operational teams.

Sales and marketing

The following measures have been put in place to ensure independent sales and marketing activities between the Spin-off Group and the Retained Group:

- (i) the Spin-off Group and the Retained Group have established separate sales and marketing teams as well as distribution channels for the marketing and sales of their respective products separately;
- (ii) the Spin-off Group and the Retained Group have entered into separate agreements with their respective customers; and

- (iii) the Spin-off Group and the Retained Group have maintained separate records of their sales in their financial and accounting records respectively, and have issued invoice to their respective customers separately.

Intellectual Property Rights

There are a number of trademarks registered in the PRC with the Spin-off Group as the registrant, which mainly include the “Ten Pao (天寶)” brand which are generally used by for marketing purpose. Since the relevant trademarks will continue to be used by the Spin-off Group and the Retained Group and the same or similar marks cannot be registered under separate entities, upon completion of the Proposed Spin-off, the Spin-off Group will enter into trademark licence agreements with the Retained Group, pursuant to which the Spin-off Group agrees to grant to the Retained Group licence to use the relevant trademarks for a term of ten years commencing from the date of the relevant agreements, subject to the renewal of the relevant marks, on a royalty-free basis.

Each of the Spin-off Group and the Retained Group owns the self-developed patents relating to the Spin-off Business and the Retained Business, respectively. There is no sharing or licensing of patents between the Spin-off Group and the Retained Group.

Ongoing transactions

Upon completion of the Proposed Spin-off, the following transactions between the Retained Group and the Spin-off Group is expected to be ongoing:

- (i) provision of material, such as charging devices, moulds, nameplates, plastic and hardware accessories, and OEM services by the Spin-off Group to Retained Group; and
- (ii) provision of shared administrative services, such as external audit, legal consultant and public relation services, and renovation or maintenance services by the Retained Group to the Spin-off Group.

The terms of all ongoing transactions will continue to be determined after arm’s length negotiations. Each of the above material or services can be readily sourced from third party suppliers and therefore each of the above ongoing transactions will only be continued if the transaction is considered to be on normal commercial terms or better. On the basis that the SpinCo is not expected to be a connected person of the Company upon completion of the Proposed Spin-off, the

ongoing transactions of the SpinCo with the Retained Group will not constitute connected transactions nor continuing connected transactions for the Retained Group under Chapter 14A of the Listing Rules.

(ii) Management Independence

It is expected that the board of directors of the SpinCo will consist of three directors and three independent directors. Although there will be one common director, namely Chairman Hung, between the Company and the SpinCo upon completion of the Proposed Spin-off, it is expected that the day-to-day operation and management functions of the Spin-off Group can be carried out independently from the Retained Group and vice versa, based on the following reasons:

- (i) Chairman Hung is the founder and chairman of the Group and therefore it is reasonable for Chairman Hung to take part in the strategic management of both the Spin-off Group and the Retained Group. As a director of both the Company and the SpinCo, Chairman Hung is expected to be involved in the management of both the Company and the SpinCo after the Proposed Spin-off and he will split his time between the management of the Spin-off Group and the Retained Group. Having said that, Chairman Hung's role in the SpinCo will primarily be related to management and supervision of the operation of the Spin-off Group;
- (ii) all independent non-executive directors of the Company and the SpinCo will be separately appointed to ensure a complete separation and segregation of duties among the audit committee, remuneration committee and nomination committee of the Retained Group and the Spin-off Group respectively; and
- (iii) in the event of any actual or potential conflict of interest between the Spin-off Group and the Retained Group, the directors who has material interests in the relevant matter will (a) report such actual or potential conflict of interest to the board as soon as practicable upon becoming aware of it; and (b) abstain from voting on the relevant board resolutions, and the other directors will vote and decide on the matter.

(iii) Administrative Independence

Notwithstanding the Spin-off Group and the Retained Group has been sharing, and upon completion of the Proposed Spin-off, will continue to share certain external audit, legal consultant and public relation services on a clear cost allocation basis with reference to profit contribution, all of the essential administrative functions, including human resources management, information technology system and financial management and any

management decision or discretion, of the Spin-off Group have been, and will be, handled by its own finance, internal audit and legal team independently without any support from the Retained Group, and vice versa.

Each of the Spin-off Group and the Retained Group has established separate information technology systems, such as enterprise resource planning, manufacturing execution systems and office automation system, for their respective operations. In addition, all essential functions involving any management decision or discretion will be retained and performed by the Retained Group and the Spin-off Group independently.

(iv) Financial Independence

Each of the Spin-off Group and the Retained Group has established its own finance department with a team of finance staff responsible for financial control, accounting and reporting, group credit, risk management and internal control which is independent of each other, and making independent financial decisions according to their respective business needs. Each of the Spin-off Group and the Retained Group will maintain separate books and accounts in the financial system and will operate the financial system independently.

There will be no financial assistance (including any loans, guarantees, non-trade nature amounts due to/from) between the Spin-off Group and the Retained Group upon the completion of the Proposed Spin-off.

Each of the Spin-off Group and the Retained Group (i) has sufficient capital, cash and cash equivalent and bank facilities and credit to operate its business independently and has sufficient internal resources to support its daily operation; (ii) has been able to have access to independent third party financial institutions and obtain independent financing on comparable terms without any guarantee or mortgage from each other; and (iii) has created their own bank accounts which are maintained and operated separately.

We have reviewed the arrangements put in place between the SpinCo Group and the Retained Group regarding operational, management, administrative and financial independence.

Operationally, the two groups utilise different technologies and maintain their own separate R&D teams and facilities, procurement functions, manufacturing operations, production bases, and sales and marketing channels. Self-developed patents are exclusively owned by the respective groups, while the royalty-free ten-year trademark licence for the “Ten Pao (天寶)” brand provides a clear mechanism for continued brand usage. The limited ongoing transactions, including the supply of materials and OEM services by the Spin-off Group and certain shared administrative services by the Retained Group, will be conducted on an arm’s length basis,

can be readily replaced by third parties, and will not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

From a management perspective, although Chairman Hung will serve as a common director, the SpinCo will have a balanced board comprising three executive directors and three independent non-executive directors, with fully segregated board committees and clear conflict-of-interest procedures in place. We consider this structure, which is consistent with market practice for founder-led groups, to be adequate for maintaining management independence.

Administratively, all core functions, including human resources, internal audit, legal, financial management and IT systems (such as ERP, MES and office automation), are operated independently by each group. The limited sharing of certain external services on a transitional cost-allocation basis is reasonable and does not compromise administrative autonomy.

Financially, each group maintains its own dedicated finance department, separate books and accounts, sufficient working capital and independent access to third-party banking facilities as at the Latest Practicable Date. Furthermore, there will be no financial assistance between the Spin-off Group and the Retained Group upon the completion of the Proposed Spin-off.

Having considered the above, we are of the view that the Spin-off Group has achieved sufficient operational, management, administrative and financial independence from the Retained Group (and vice versa), which is consistent with the requirements under PN15 of the Listing Rules and prevailing market practice for spin-off transactions.

3. The Proposed Spin-off and the Proposed Separate A-share Listing

a. Background and expected timetable

As disclosed in the letter from the Board contained in the Circular, the Proposed Spin-off involves the spin-off of the SpinCo and its separate listing on the Shenzhen Stock Exchange. Subject to approvals by the Shareholders and the relevant PRC regulators, it is currently proposed that the SpinCo will issue A-shares on the Shenzhen Stock Exchange by way of a public offering to public investors in the market, or other methods as requested or agreed by the CSRC.

Based on the current structure of the Proposed Spin-off which is subject to finalisation, the Proposed Separate A-share Listing is anticipated to represent an offering of not more than 25% of the enlarged issued share capital of the SpinCo immediately upon completion of the Proposed Spin-off. The actual number of shares to be offered by the SpinCo will depend on the market conditions and the relevant rules and regulations of the CSRC as amended from time to time.

The SpinCo is an indirect non-wholly-owned subsidiary of the Company. It is expected that, immediately upon completion of the Proposed Spin-off, the Company's interest in the SpinCo will decrease from approximately 92.4091% to 69.3068% (assuming the size of the Proposed Separate A-share Listing will represent 25% of the enlarged issued share capital of the SpinCo immediately upon completion of the Proposed Spin-off), and the SpinCo will remain as an indirect non-wholly-owned subsidiary of the Company and its financial results will continue to be consolidated into the financial results of the Group.

For the purpose of the Proposed Spin-off, the Company has submitted a proposal on the Proposed Spin-off to the Stock Exchange pursuant to PN15 and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off under PN15. The Stock Exchange has also granted a waiver from strict compliance with the applicable requirements in relation to the assured entitlement under the Proposed Spin-off as required by paragraph 3(f) of PN15.

Based on the current proposed timetable, it is expected that the pre-listing tutorial will be completed, and the SpinCo will submit an application to the Shenzhen Stock Exchange for the Proposed Separate A-share Listing, in December 2026.

The completion date of the Proposed Spin-off and Proposed Separate A-share Listing will be subject to (i) the vetting process of the relevant listing application by the Shenzhen Stock Exchange, CSRC and other relevant governmental and regulatory authorities, and (ii) market conditions. Based on the current proposed timetable, it is expected that the Proposed Separate A-share Listing, if approved and proceeded with, will be completed by 2027.

b. Proceeds to be raised from the Proposed Separate A-share Listing and intended use of proceeds

The expected net proceeds from the Proposed Separate A-share Listing cannot be determined at this stage as the final structure, the exact offer price and size of the Proposed Separate A-share Listing are not determined.

As stated in the letter from the Board contained in the Circular, the Proposed Separate A-share Listing is anticipated to represent an offering of not more than 25% of the enlarged issued share capital of the Spin-off Group immediately upon completion of the Proposed Spin-off. The offer price of shares of the SpinCo to be offered under the Proposed Separate A-share Listing is subject to market conditions close to the time of the Proposed Separate A-share Listing and will be determined between the SpinCo and the lead underwriter(s). In determining the offer price, the SpinCo will take into account, among others, (i) the historical operating results and financial performance of the SpinCo; (ii) the business prospects of the SpinCo; (iii) the earnings multiples of companies newly listed on the A-share market in the past six to 12 months; and (iv) the applicable laws and regulations.

It is currently expected that the expected size of the Proposed Separate A-share Listing will be not more than RMB1.6 billion. The SpinCo currently expects to use the net proceeds from the Proposed Separate A-share Listing for (i) R&D projects of high-power computing power supplies; (ii) upgrade of its Intelligent Manufacturing Industrial Park; (iii) construction of a R&D centre; (iv) enhancement of global sales and marketing system; and (v) working capital and general corporate purposes.

Investors should be aware that the exact offer price and size of the Proposed Separate A-share Listing are subject to market conditions and financial performance of the SpinCo closer to the time of the Proposed Separate A-share Listing and the offer price of the Proposed Separate A-share Listing will be determined at a date closer to the launch of the Proposed Separate A-share Listing based on several factors, some of which are beyond the control of the SpinCo and the lead underwriter(s).

Offer price analysis

We understand that in determining the offer price in respect of the Proposed Separate A-share Listing, the Company will take into account, among others, the earnings multiples of companies newly listed on the A-share market in the past six to twelve months. In this regard, we have performed independent assessment and reviewed the price to earnings ratio (“P/E ratio(s)”) of the 38 newly listed companies, primarily on the A-share market (i.e. on the Shenzhen Stock Exchange or Shanghai Stock Exchange) in the past 12 months prior to the Latest Practicable Date.

The P/E ratios of the aforementioned newly listed companies after listing on the A-share market ranged from approximately 11.86 times to approximately 34.98 times, with an average of approximately 21.82 times and a median approximately 21.36 times.

Based on the average post-listing P/E ratio of the aforementioned newly listed companies on the A-share market of 21.82 times and the profit after tax of the SpinCo Group of approximately RMB279 million, the implied valuation of the SpinCo would be approximately RMB6.1 billion. On this basis, a maximum 25% new shares issuance would imply an expected size of the Proposed Separate A-share Listing of approximately RMB1.5 billion for the offering. Accordingly, the Management’s expected size of the Proposed Separate A-share Listing of not more than RMB1.6 billion would imply a total valuation of the SpinCo of not more than RMB6.4 billion, which is higher than the implied valuation of the SpinCo of RMB6.1 billion.

The primary purpose of our review of the 38 newly listed companies is to provide Shareholders with a market-based benchmark reflecting the actual post-listing P/E multiples achieved by companies in recent A-share initial public offering. This analysis captures real market pricing dynamics, investor demand, book-building outcomes and prevailing market sentiment at the

time of listing during the 12-month period under review. As the Proposed Separate A-share Listing is itself a new listing on the A-share market, this review serves as a directly relevant reference for the expected valuation and offering size.

This analysis contributes to the overall offer price assessment by enabling a direct comparison between the implied valuation of the SpinCo (approximately RMB6.1 billion based on the average P/E) and recent listing precedents. It assists the assessment of whether the Management's expected offering size of not more than RMB1.6 billion (implying a total valuation of not more than RMB6.4 billion) is reasonable and consistent with current A-share market practices for new listings, provided that the exact offer price and size of the Proposed Separate A-share Listing are subject to market conditions and financial performance of the SpinCo closer to the time of the Proposed Separate A-share Listing and the offer price of the Proposed Separate A-share Listing will be determined at a date closer to the launch of the Proposed Separate A-share Listing.

In order to provide the Shareholders with a general reference regarding the valuation of companies listed in the PRC with businesses similar to the Spin-off Group, we have conducted a search on a best effort basis for comparable companies (the "**Comparable Companies**") which are (i) listed on Shenzhen Stock Exchange or Shanghai Stock Exchange; and (ii) primarily engaged in charging related business and with over 50% of their revenue derived from such business or engaged in charging related business and within the industry classification of the SpinCo (i.e. "C38. electrical machinery and equipment manufacturing industry (電氣機械和器材製造業)"), according to their latest full year financial statements. Based on the above selection criteria, we have identified 13 Comparable Companies.

We consider the Comparable Companies to be fair and representative samples for the purpose of this analysis, and the research on the Comparable Companies provides a meaningful analysis for the Shareholders.

The table below illustrates the P/E ratios and the price to book ratios ("**P/B ratio(s)**") of the Comparable Companies, being common valuation methods adopted in the market, offering an industry peer valuation perspective based on ongoing trading multiples of more mature listed companies, which serves as a useful cross-check against the new listing multiples. Together, the review of newly listed companies and the analysis of the Comparable Companies provide complementary perspectives: the former anchors expectations for initial listing pricing on the A-share market, while the latter reflects sustained market valuations in the relevant sector. We consider both analyses to be meaningful and to provide Shareholders with a balanced and comprehensive reference in evaluating the offer price of the Proposed Separate A-share Listing.

Company name	Stock code	Principal activities	Market capitalisation as at the Latest	P/E	P/B
			Practicable Date (RMB million) (Note 1)	ratio (times) (Note 2)	ratio (times) (Note 3)
Shenzhen Honor Electronic Co., Ltd	300870.SZ	Engages in the R&D, production, and sales of switch power supply products.	50,800	208.19	19.19
Fullink Technology Co., Ltd	301067.SZ	Engages in the R&D, production and sales of signal converters, signal docks, chargers, power adapters, mobile power supplies and other mobile terminal intelligent accessories products, and UAV parts.	3,344	/	4.31
Shenzhen Click Technology Co., Ltd	002782.SZ	Engages in the development, production and sales of magnetic components such as electronic transformers and inductors, as well as switching power supply products such as power adapters, power battery chargers and customized power supplies.	10,331	34.48	4.66
Shenzhen JinQuanHua Electronics Co., Ltd	002885.SZ	Engages in R&D, production, sales and service of magnetic components and power supply products.	10,444	124.02	6.91
Dongguan Aohai Technology Co., Ltd	002993.SZ	Engages in application-end energy conversion, efficient charging and storage, and centralized supply.	18,718	44.32	3.87

Company name	Stock code	Principal activities	Market capitalisation as at the Latest Practicable Date (RMB million) (Note 1)	P/E ratio (times) (Note 2)	P/B ratio (times) (Note 3)
Sungrow Power Supply Co., Ltd.	300274.SZ	Engages in the R&D, production, sales and service of new energy power equipment.	322,675	23.97	6.92
Shenzhen Kstar Science & Technology Co., Ltd.	002518.SZ	Engages in the R&D, production, and sales of UPS, solar inverters, and valve-regulated sealed lead-acid batteries supporting UPS.	28,366	46.43	5.88
Moso Power Supply Technology Co., Ltd.	002660.SZ	Engages in the R&D, production, sales, and technical services of switching power supplies.	2,322	/	2.26
Ugreen Group Limited	301606.SZ	Engages in the research, design, production, and sales of 3C consumer electronic products. The company's main products are charging creative products, smart office products, smart audio-visual products, and smart storage products.	23,525	33.39	6.96

Company name	Stock code	Principal activities	Market		
			capitalisation as	P/E	P/B
			at the Latest	ratio	ratio
			Practicable		
			Date	(times)	(times)
			(RMB million)	(Note 2)	(Note 3)
			(Note 1)		
Anker Innovations Co., Ltd.	300866.SZ	Engages in the independent R&D, design, and sales of consumer electronics products, including self-branded mobile device peripherals and smart hardware products (such as own brand mobile charging devices and accessories as well as home photovoltaic and energy storage products).	58,465	22.97	5.55
Ce Link Limited	300787.SZ	Engages in the customized design and production of consumer electronic products, as well as the research, production, and sales of new energy products.	2,837	29.96	1.70
Luxshare Precision Industry Co., Ltd.	002475.SZ	Engages in components, modules, and system integration in the fields of consumer electronics, communications and data centers, automotive, and medical. The company's main products are consumer electronics (including charging accessories), automotive electronics, and communications and data center products.	477,936	28.79	5.63

Company name	Stock code	Principal activities	Market capitalisation as at the Latest Practicable Date		
			(RMB million) (Note 1)	P/E ratio (times) (Note 2)	P/B ratio (times) (Note 3)
Gongniu Group Co., Ltd.	603195.SH	Engages in the research and development, production, and sales of civil electrical products across three core segments: electrical connection (such as converters), smart electrical lighting, and new energy (such as charging guns/piles and energy storage).	70,210	17.25	4.18
			Maximum	208.19	19.19
			Minimum	17.25	1.70
			Average	55.80	6.00
			Median	<u>33.39</u>	<u>5.55</u>
The Company	1979.HK			<u>5.50</u>	<u>0.96</u>

Sources: Shenzhen Stock Exchange and Shanghai Stock Exchange

Notes:

1. The market capitalisations of the Comparable Companies are calculated as the closing share price of the Comparable Companies as at the Latest Practicable Date multiplies by the latest number of outstanding shares of the Comparable Companies listed on Shenzhen Stock Exchange or Shanghai Stock Exchange.
2. The P/E ratios of the Comparable Companies are calculated based on market capitalisations of the Comparable Companies as at the Latest Practicable Date divided by the net profit attributable to shareholders of the corresponding Comparable Companies based on the latest published full year financial statements.
3. The P/B ratios of the Comparable Companies are calculated based on the market capitalisations of the Comparable Companies as at the Latest Practicable Date divided by the net assets value attributable to the shareholders of the corresponding Comparable Companies based on the latest published full year financial statements.

As depicted from the table above, the P/E ratios of the Comparable Companies were in the range of approximately 17.25 times to approximately 208.19 times, with an average of approximately 55.80 times and a median of

approximately 33.39 times. The Company's P/E ratio was approximately 5.50 times, which was lower than all the P/E ratios of the Comparable Companies. On the other hand, the P/B ratios of the Comparable Companies were in the range of approximately 1.70 times to approximately 19.19 times, with an average of approximately 6.00 times and a median of approximately 5.55 times. The Company's P/B ratio was approximately 0.96 times, which was also lower than all the P/B ratios of the Comparable Companies.

Given that (i) the P/E ratios of the 38 newly listed companies are higher than the P/E ratio of the Group; and (ii) the P/E ratios and the P/B ratios of the Comparable Companies are higher than the P/E ratio and the P/B ratio of the Company as set out in the table above, we concurred with the Management that the Proposed Spin-off might unlock the value of charging device related businesses of the Spin-off Group with a higher valuation multiple than the valuation of the Group as a whole.

c. Conditions of the Proposed Spin-off

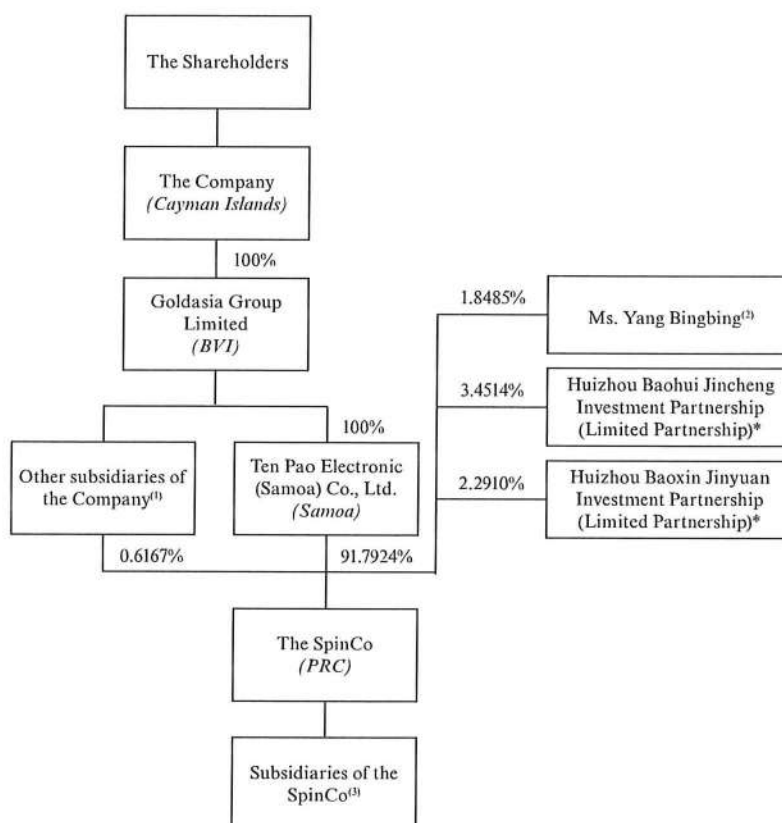
As set out in the letter from the Board contained in the Circular, the Proposed Spin-off will be conditional upon, among other things, the following:

- (a) approval of the Proposed Spin-off by the Shareholders;
- (b) approval of the Proposed Separate A-share Listing by the board of directors and the shareholders of the SpinCo;
- (c) approval and/or registration of the Shenzhen Stock Exchange and the CSRC in relation to the Proposed Separate A-share Listing; and
- (d) any other PRC regulatory approvals required by the relevant laws and regulations.

If any of the above conditions and other applicable conditions is not fulfilled, the Proposed Spin-off will not proceed and an announcement will be published by the Company as soon as practicable thereafter. As of the Latest Practicable Date, none of these conditions have been fulfilled.

4. Shareholding effects of the Proposed Spin-off

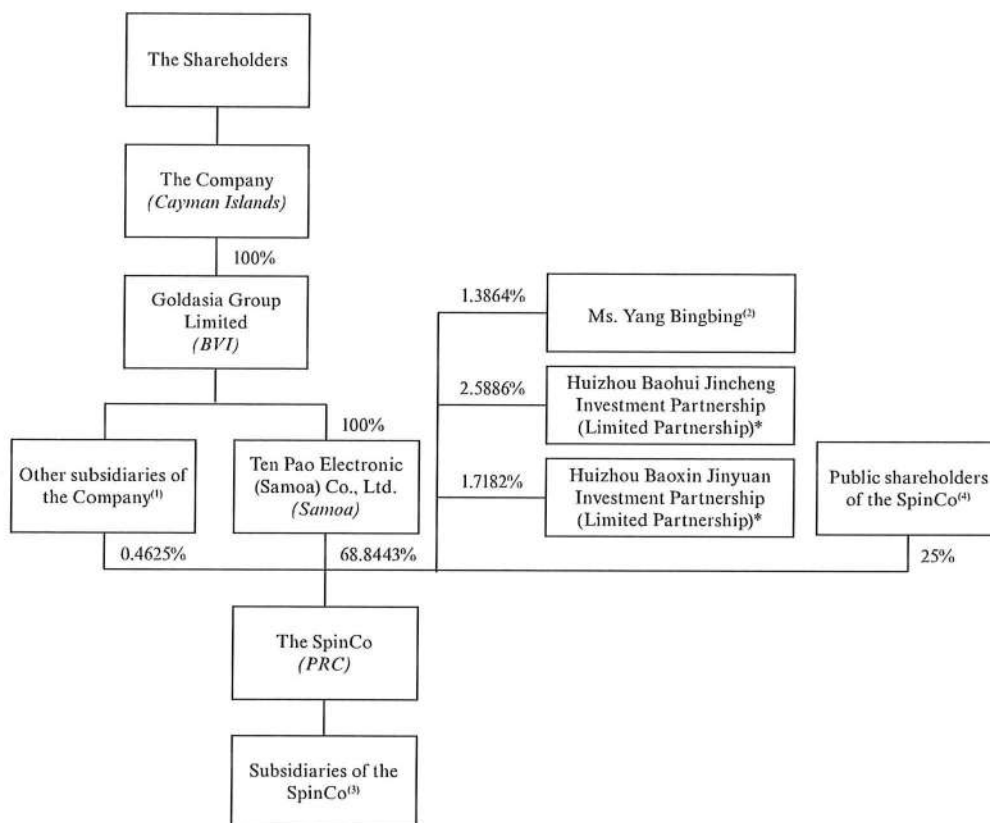
The simplified shareholding and group structure of the Spin-off Group immediately before the completion of the Proposed Spin-off is set out as follows:



Notes:

1. These subsidiaries of the Company include both wholly-owned and non-wholly-owned subsidiaries, the business operated by which will continue to be part of the Retained Business after completion of the Proposed Spin-off. None of these subsidiaries are separately listed on any stock exchange.
2. Ms. Yang Bingbing is a director and chief executive officer of the SpinCo.
3. These subsidiaries of the SpinCo include both wholly-owned and non-wholly-owned subsidiaries, the business operated by which will be part of the Spin-off Business after completion of the Proposed Spin-off. None of these subsidiaries are separately listed on any stock exchange.

The simplified shareholding and group structure of the Spin-off Group immediately after the completion of the Proposed Spin-off is set out as follows:



Notes:

Please refer to the notes 1 to 3 above.

4. On the basis that the Proposed Separate A-share Listing is anticipated to represent an offering of not more than 25% of the enlarged issued share capital of the SpinCo immediately upon completion of the Proposed Spin-off. The final size of the Proposed Separate A-share Listing is not determined yet at this stage.

a. Financial impacts of the Proposed Spin-off on the Group

As stated in the letter from the Board contained in the Circular, it is expected that, immediately upon completion of the Proposed Spin-off, the Spin-off Group will remain as an indirect non-wholly-owned subsidiary of the Company and its financial results will continue to be consolidated into the financial results of the Group.

Set out below are the expected financial impacts of the Proposed Spin-off on the Group, based on the proposed structure of the Proposed Spin-off. Further details are set out in the section headed “3. Financial impact of the Proposed Spin-off” in the letter from the Board contained in the Circular.

a. Earnings

The Proposed Spin-off will be regarded as a transaction with non-controlling interest, the carrying amount of the non-controlling interest will be adjusted to reflect the proportionate change in the non-controlling interest in the SpinCo. It is expected that there would be no gain or loss on the deemed disposal credited or charged to the Company's consolidated statement of profit or loss upon the completion of the Proposed Spin-off. The difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration received will be recorded in equity attributed to the shareholders of the Company.

In addition, as the proportion of the Company's shareholding in the Spin-off Group will be diluted immediately after the completion of the Proposed Spin-off, it is expected that the earnings attributable to the shareholders of the Company will decrease while the earnings attributable to non-controlling interests of the Company will increase.

b. Assets and liabilities

The Proposed Spin-off and the Proposed Separate A-share Listing, which is expected to involve issue of new shares of the Spin-off Group, will increase the amount of cash recorded in the consolidated statement of financial position of the Company and the total assets of the Group correspondingly. The Proposed Spin-off will not affect the liabilities of the Group.

5. Reasons for and benefits of the Proposed Spin-off

As stated in the letter from the Board contained in the Circular, the Company considers that it is commercially beneficial to the Company and the SpinCo to effect the Proposed Spin-off as it is expected to create greater value for the Company and its Shareholders as a whole and the SpinCo, for the following reasons:

- (a) the Proposed Spin-off will enable the respective management teams of the Spin-off Group and the Retained Group to dedicate their time on building their respective core businesses, adopt different business strategies that better suit their respective businesses, and increase their responsiveness to market changes and opportunities specific to the business of the relevant groups. The Proposed Spin-off will also provide greater financial transparency and business coherence and clearer corporate structure to each of the Spin-off Group and the Retained Group and to allow them to create a more defined business focus and efficient resource allocation, thus enhancing their operation efficiency;
- (b) the Spin-off Business has grown to a sufficient size to warrant a separate listing. The Proposed Spin-off substantively separates the Spin-off Business from the Retained Business, thereby enabling investors and financiers to

appraise the strategies, functional exposures, risks and returns of the respective businesses separately and to make their investment decisions accordingly. The Proposed Spin-off will allow the Company and its shareholders an opportunity to realise their fair value of investment in the SpinCo; and the Company will continue to be a controlling shareholder of the SpinCo upon completion of the Proposed Spin-off and will benefit from any enhanced value of the Spin-off Group through consolidation of the Spin-off Group's accounts and receipt of dividend distributions (if any);

- (c) the Proposed Spin-off will enable the Spin-off Group and the Retained Group to have their separate fund raising platforms to directly and independently access both the debt and equity capital markets, which in turn may provide greater aggregate financing capacity to both the Spin-off Group and the Retained Group to deploy their funds towards their respective developments, operations and investment opportunities, as there will be greater clarity on the respective financial status of the Spin-off Group and the Retained Group. In addition, the cash proceeds to be received from the Proposed Separate A-share Listing will provide capital to the Spin-off Group for its operations and expansion plan. The Proposed Spin-off will potentially provide greater debt capacity due to greater clarity for credit profiling of each of the Company and the SpinCo respectively by financial institutions that wish to extend credit or financing to the Company or the SpinCo; and
- (d) the Proposed Spin-off will increase the operational and financial transparency and enhance the corporate governance of the Spin-off Group and provide investors, financial institutions and rating agencies with greater clarity on the business and financial status of each of the Spin-off Group and the Retained Group on a stand-alone basis, and such enhancement will help to build investor confidence in forming investment decisions based on their assessment of the performance, management, strategy, risks and returns of both the Spin-off Group and the Retained Group.

In our opinion, the reasons provided are well-founded and commercially compelling. The Spin-off Business has achieved sufficient scale and operational maturity to justify an independent listing, which is expected to unlock its embedded value. The Proposed Spin-off will also allow dedicated management focus for both the Spin-off Group and the Retained Group, enabling tailored strategies and faster responses to sector-specific opportunities. This sharper strategic focus, combined with enhanced financial transparency and more efficient resource allocation, is expected to drive improved operational efficiency for both entities.

Furthermore, the independent fundraising platforms will provide both groups with better access to both debt and equity capital markets, strengthen their respective credit profiles, and support sustainable long-term growth. Collectively, these benefits align with the principles of value creation for Shareholders, and we consider the

Proposed Spin-off to be a strategically sound initiative that should enhance the long-term growth prospects and value creation potential of both the Spin-off Group and the Retained Group.

6. Waiver in respect of Assured Entitlement

Pursuant to the requirements under paragraph 3(f) of PN15, a listed issuer carrying out a spin-off is required to have due regard to the interests of its existing shareholders by providing them with an assured entitlement to shares in the spun-off entity, either by way of a distribution in specie of existing shares or by way of preferred application in any offering of existing or new shares in the spun-off entity. As part of the Proposed Spin-off and the Proposed Separate A-share Listing, there will be issue of new shares of the Spin-off Group and such shares will only be issued in the PRC.

As stated in the letter from the Board contained in the Circular, as advised by the Company's legal advisers as to PRC laws (the "**PRC Legal Advisers**"), according to relevant PRC laws and regulations, only the following overseas investors (collectively, the "**Qualified Investors**") could subscribe shares listed on the stock exchanges in the PRC:

- (a) residents of Hong Kong, Macao or Taiwan who work or live in the PRC;
- (b) foreigners who have obtained permanent residence right in the PRC;
- (c) foreigners who work in the PRC and whose home country has established a regulatory cooperation mechanism with the CSRC;
- (d) qualified foreign institutional investors approved by CSRC;
- (e) foreign strategic investors subject to filing or approval by the Ministry of Commerce of the People's Republic of China or other required mandatory procedures;
- (f) foreign natural person investors who comply with the provisions of the Measures for the Administration of Equity Incentives of Listed Companies (《上市公司股權激勵管理辦法》) on incentive grantees (only applicable to listed companies that implement equity incentives for foreign natural person employees); and
- (g) foreign investors who hold shares in a company to be listed before its initial public offering.

It is unduly burdensome and practically impossible for the Company to determine whether its shareholders are considered as Qualified Investors, in order to hold shares in the SpinCo whether through preferred application or distribution in specie under the Assured Entitlement.

Even if any shareholder of the Company is a Qualified Investor, as advised by the PRC Legal Adviser, (i) there is no legal support and practice guidance for the Company to distribute shares of the Spin-off Group to the shareholders of the Company; (ii) according to the Securities Law of the People's Republic of China (《中華人民共和國證券法》), Securities Issuance and Underwriting Management Measures (《證券發行與承銷管理辦法》) and other relevant laws and regulations, any public offering of shares by any issuer must be approved by the competent State Council's securities regulatory agency or registered by the department authorized by the State Council, and comply with relevant regulations relating to quotation and subscription procedures. Save for special circumstances (such as preferential allocation of no less than certain percentage of the total shares to be issued to public offering funds, national social security funds, pension funds, enterprise annual funds, occupational annual funds, and insurance funds in compliance with relevant regulations including Insurance Fund Utilization Management Measures (《保險資金運用管理辦法》) and qualified foreign investors funds), shares shall not be preferentially allocated to any specific person. As such, the Company or the SpinCo is not allowed to allocate the shares in the SpinCo to any specific person under a preferential allocation. Therefore, the Company is unable to provide Assured Entitlement in the form of preferential application.

The Company believes that not providing its shareholders with the Assured Entitlement shall not prejudice the interests and benefits of its shareholders since the financial results of the Spin-off Group will continue to be reflected in the consolidated financial statements of the Company, and therefore the benefits brought by the Proposed Spin-off will still be enjoyed, indirectly, by the Shareholders.

Given the foregoing, the Company has applied for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the applicable requirements in relation to the assured entitlement under paragraph 3(f) of PN15 in connection with the Proposed Spin-off.

Given the extent of the PRC laws and regulations as stated above, we concur with the Company that it would not be practicable or feasible to provide any entitlement to its Shareholders to subscribe for the new shares of the Spin-off Group to be issued in the Proposed Spin-off.

RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the terms of the Proposed Spin-off are fair and reasonable to the Shareholders and that the Proposed Spin-off is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Shareholders to vote in favour of the ordinary resolution regarding the Proposed Spin-off if a general meeting is to be convened by the Company to approve the Proposed Spin-off and the Proposed Separate A-share Listing.

Yours faithfully,
For and on behalf of
Asian Capital Limited



Louis HAU
Executive Director

Mr. Louis HAU is a licensed person registered with Securities and Futures Commission of Hong Kong and a responsible officer of Asian Capital Limited, which is licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 14 years of experience in corporate finance in Hong Kong.

BY EMAIL AND BY HAND

STRICTLY PRIVATE & CONFIDENTIAL

3 July 2026

Ten Pao Group Holdings Limited

Rooms 610–612, 6th Floor

Kwong Sang Hong Centre

151–153 Hoi Bun Road

Kwun Tong, Kowloon

Hong Kong

Attn: The Board of Directors

Dear Sirs,

Company : Ten Pao Group Holdings Limited (the “Company”)
Stock code : 1979
Subject : Possible major transaction and deemed disposal in relation to the proposed spin-off and separate A-share listing of Ten Pao Electronics (Huizhou) Co., Ltd.

We refer to the Company’s circular dated 3 July 2026 (the “Circular”) in relation to the captioned subject.

We hereby irrevocably give and agree not to withdraw our consent to the issue of the Circular, with the inclusion therein of our letter of advice dated 3 July 2026 and the reference to our name, opinion, logo and qualifications, in the form and context in which they respectively appear.

Yours faithfully,
For and on behalf of
Asian Capital Limited



Louis Hau
Executive Director